

Talking Points for Charts

The Bush Economy

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Prepared by:

Joint Economic Committee Democrats

Contact:

Marc Jarsulic, Chief Economist

Joint Economic Committee

202-224-5171

<http://jec.senate.gov>

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Chart 1: Job Growth Among the Slowest of Any Administration in over 70 Years &

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Chart 2: Private Sector Job Growth Among the Worst of Any Administration in over 70 Years

- President Bush is in a near statistical dead heat with his father for the worst job creation record of any President since Herbert Hoover.
- In October 2007 there were just 6.0 million more jobs on nonfarm payrolls than there were when President Bush took office in January 2001.
- That is a paltry pace of job creation of just 73,500 jobs per month (0.7 percent per year).
- Leaving aside job creation in the government sector, there were just 4.5 million more private sector jobs in October 2007 than there were when President Bush took office (a pace of 55,000 jobs per month).
- Within the private sector, manufacturing was particularly hard hit, with payrolls declining by 3.1 million jobs between January 2001 and October 2007.

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Chart 3: The Most Protracted Postwar Jobs Slump

- The jobs slump associated with the recession that began in March 2001 was the most protracted jobs slump since at least the end of World War II (the period over which we have comparable data).
- On average in the postwar period, job losses stop about a year after the onset of the recession and employment begins to increase after about 15 months. Within two years employment surpasses its pre-recession peak and is expanding at a healthy pace.
- The most recent jobs slump was dramatically different from that pattern and even more protracted than the so-called “jobless recovery” following the 1990-91 recession.
- Job losses continued until August 2003, more than two years after the start of the recession, and it was not until February 2005, nearly four years after the start of the recession that payroll employment surpassed its level at the start of the recession.
- The pace of job creation over the 50 months since August 2003 has been slightly more than 172,000 jobs per month.
- Payroll employment rose by 166,000 jobs in October 2007. Whereas it was common to see job gains of 200,000 to 300,000 and sometimes 400,000 jobs per month in the 1990s expansion, gains of that magnitude have been more rare in the current expansion.
- At this point in the recovery from the 1990-91 recession the economy had created 5.5 million more jobs than we have seen in this recovery.

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Chart 4: Unemployment Rate up by 0.5 Percent &

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Chart 5: 1.2 Million More Unemployed Workers

- Although the unemployment rate has come down from its peak of 6.3 percent (reached in June 2003), the rate of 4.7 percent in October 2007 is still 0.5 percentage point higher than it was in January 2001 when President Bush took office.
- In October 2007, 7.2 million people were officially counted as unemployed— 1.2 million more people than were unemployed when President Bush took office in January 2001.
- To be counted as unemployed, a person must be actively looking for work, but in a weak labor market there can be considerable hidden unemployment and underemployment if people who want to work have been discouraged from looking for work and if people who want to work full-time can only find a part-time job.
- In a typical business cycle recovery, people come back into the labor force as the prospects of finding a job improve, but in the most recent jobs slump the labor force participation rate has remained depressed compared with what it was at the start of the recession.
- In October 2007 the labor force participation rate (the proportion of the population working or actively looking for work) was 65.9 percent, 1.3 percentage point lower than it was at the start of the recession in March 2001.
- As a result of sluggish job creation and the depressed labor force participation rate, the proportion of the population with a job (the employment-to-population ratio) was 62.7 in October 2007, 1.6 percentage point lower than it was at the start of the recession.
- In October 2007, 4.2 million people who were not in the labor force said they wanted a job; about 1.4 million of these are considered “marginally attached” to the labor force because they have searched for work in the past year and are available for work.
- In October 2007, 4.3 million people were working part-time for economic reasons but wanted full-time work.
- The Bureau of Labor Statistics estimates that if marginally attached workers were included, the unemployment rate would have been 5.6 percent in October 2007, and if those working part-time for economic reasons were also included it would have been 8.4 percent.

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Chart 6: 94 Percent More Long-Term Unemployment

- The number of people unemployed for more than 26 weeks is 94 percent higher than it was when President Bush took office.
- The number of long-term unemployed as a fraction of total unemployment fell below 20 percent in May 2005 for the first time in 30 months—the longest stretch on record in which that fraction exceeded 20 percent.
- In October 2007, more than one in five of the unemployed (18.0 percent) have been unemployed for more than 26 weeks.
- Long term unemployment under the Bush Administration has risen by 6.9 percentage points. The President's employment record shows that more people are unemployed, and that the jobless are staying unemployed longer.

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Chart 7: Employee Compensation Has Lagged Far Behind Productivity

- Historically, economy-wide increases in workers' pay has tended to track economy-wide increases in productivity (output per hour).
- Since early 2001, however, continued strong growth in productivity has not translated into commensurate increases in real (inflation-adjusted) average hourly compensation (wages plus benefits).
- While productivity in the nonfarm business sector rose by 18.3 percent between the fourth quarter of 2000 and the third quarter of 2007, real compensation per hour increased by only 10.1 percent over the same period.
- Benefit costs have grown much faster than wages and salaries, not because employers are providing more generous benefits, but because health insurance costs are rising and employers have had to make contributions to restore the solvency of their pension plans. Those higher benefit costs are squeezing take-home pay.

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Chart 8: Real Earnings Growth Has Been Weaker and More Unequal Than It Was in the Late 1990s

- The Bureau of Labor Statistics publishes data on the usual weekly earnings of full-time workers—a measure of take-home pay—at different points on the wage ladder.
- After adjusting for inflation, the usual weekly earnings at the exact middle of the distribution—real median usual weekly earnings—decreased by 0.4 percent between 2000 and 2006. That contrasts with growth of 7.2 percent between 1994 and 2000.
- While it was weak overall, earnings growth between 2000 and 2006 was positive in the upper half of the distribution, whereas earnings for the median, and lower half of the population decreased..
- The 2000-2006 pattern is markedly different from the pattern from 1996 to 2000, when growth in real usual weekly earnings was uniformly strong across the wage distribution.

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Chart 9: Large Projected Surpluses Turned into Large Deficits

- When President Bush took office in January 2001, the Congressional Budget Office (CBO) projected large and growing federal budget surpluses under existing laws and policies (the so-called baseline projection).
- Over the 10 years from 2002 to 2011 those surpluses would cumulate to \$5.6 trillion.
- In fact, of course, the surplus was smaller than projected in 2001 and by 2004 a projected \$400 billion surplus had turned into a deficit of over \$400 billion.
- The 2007 budget deficit was \$248 billion. In 2001, CBO's projection was for a surplus of \$573 billion.

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Chart 10: \$4.1 Trillion More Debt in FY 2008

- In February 2001, the Bush Administration projected that the federal debt would be \$1.2 trillion in 2008 if their policies were enacted, and that it would not be prudent or possible to pay down the debt any faster.
- In fact, however, under President Bush, the hard-won fiscal discipline of the late 1990s was completely squandered. The Administration's July 2007 projection of what the public debt will be in 2008 sits at \$5.3 trillion—an increase of \$4.1 trillion over the February 2001 projection.
- The public debt is federal debt held outside government and does not include debt held in the Social Security Trust fund and elsewhere within the government. The gross federal debt, which includes debt held by government agencies, was \$7.9 trillion in 2005 and is projected to be \$9.5 trillion at the end of 2008.
- Instead of building up surpluses and retiring debt in order to prepare properly for the retirement of the baby boom generation, the Bush Administration abandoned all pretense of fiscal discipline and let the debt skyrocket.

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Chart 11: Current Administration Policies Continue a Tradition of Irresponsible Borrowing

- \$1.8 trillion, or 35 percent of the total debt owed to the public has been accumulated under the past six years of the current administration.
- \$4.2 trillion, or 83 percent of the total debt owed to the public was accumulated under the past three Republican administrations.
- About \$3.2 trillion (over one-third) of our \$8.9 trillion total national debt has been accumulated during the past six years of the current Administration.
- Almost three-quarters of the total national debt has been accumulated under the past three Republican administrations – Reagan, George Bush Sr., and the current George Bush.

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Chart 12: Bush Tax Cuts Will Be More Than 100 Times Larger for Millionaires than for Middle Income Households

- The average amount of 2001-2006 tax cuts for households with more than \$1 million of income will be \$119,500 in 2007.
- The comparable figure for households with incomes of \$50,000 to \$75,000 is \$1,163.
- That means that millionaires can expect an average tax cut 103 times larger than that of households with incomes \$50,000 and \$75,000, 176 times greater than the average tax cut for households with \$20,000 to \$50,000 of income and 72 times larger than that of households with \$75,000 to \$100,000 of income.

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Chart 13: One of Only Three Administrations with a Decline in Household Income &

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Chart 14: Real Median Household Income Down \$962

- After adjusting for inflation, the income of a typical household was down by almost \$1,000 during President Bush's first term (2006 is the latest year for which we have data).
- The measure used here is the Census Bureau's median household income, adjusted for inflation. The median income is the income of the household at the exact middle of the distribution—half of all households have less income and half have more.
- Real (inflation-adjusted) median household income has fallen at an average annual rate of 0.3 percent since President Bush took office. Looking back as far as we have data, that is, back to Kennedy, only two other administrations have had a decline in real median household income.

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Chart 15: Real Household Income Has Declined for All Except the Richest since 2000

- Average income in the bottom four fifths of the distribution of household income has fallen since 2000 after adjusting for inflation.
- Changes in income over the past year have been uniformly regressive, with the starkest contrast being between the top of the distribution's gain of 1.0 percent and the bottom fifth's decline of 4.5 percent.
- As a result of this pattern of losses at the bottom and gains at the top, income inequality is now greater than it was before President Bush took office.

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Chart 16: One of Only Four Administrations with an Average Annual Rise in the Poverty Rate

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Chart 17: 4.9 Million More Americans in Poverty

- The official poverty rate in 2006 was 12.3 percent.
- That translates into 36.5 million Americans living in poverty in 2006—4.9 million more than were living in poverty in 2000, the year before President Bush took office.
- With only two years remaining in his second term, President Bush's Administration is one of only four to preside over an average annual rise in the poverty rate.

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Chart 18: 8.6 Million More Americans without Health Insurance

- 47 million Americans were without health insurance in 2006 (the latest year for which we have data).
- That represents an increase of 8.6 million over the number of people without health insurance in 2000, the last year before President Bush took office.